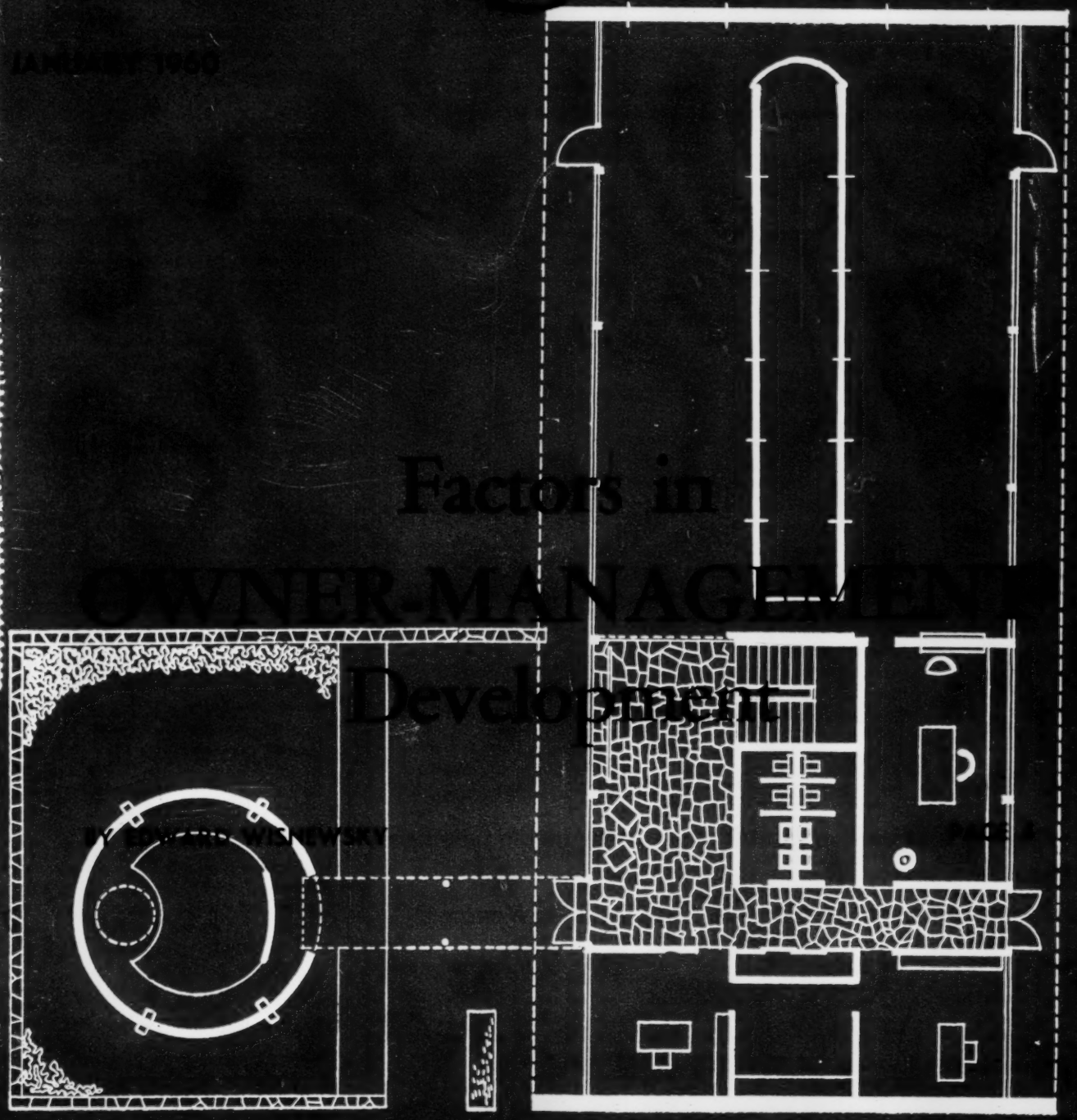
ADVANCED Management

JANUARY 1960



Factors in OWNER-MANAGEMENT Development

BY EDWARD W. LESNEWSKY

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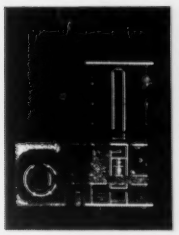
VOL. 25 NO. 1

JANUARY, 1960

ADVANCED Management



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ADVANCED
Management
JANUARY • 1960

Factors in OWNER-MANAGEMENT Development

By EDWARD WISNEWSKY

"The resources of the smaller enterprise require not only that the manager be correct in the long run, but in the short run as well"

Mr. Wisnewsky is vice president of The Gleason Steel Corp., Milwaukee

ALMOST EVERY executive position calls for the ability to think as technician part of the time and as a philosopher the rest of the time. The demand for such skill is present to an especially great degree in one-man managed firms with 20-100 employees.

There is a recognition of the need for improving the management skills of this group of managers. Present programs in this direction, however, suffer because the task is assumed to be the same as training managers in multi-management level organizations. Some of the reasons why the customary rationale requires modification will be explored in this article.

Management theory usually regards the one-man management team as just a case of one individual wearing many different hats. The approach is atomistic with each function treated as a separate entity. It fails to cope with the fact that these various functions must be integrated *within one individual* — who is also the owner. This failure is the cause of the major defect in "owner-management" development efforts.

Wealth Dependent On Control Of Enterprise

The normal frame of reference separates the investor from management. As a result management experts often tell the owner-management that ownership ought not to have any effect on managerial thinking. The fact that ownership does in practice effect such thinking is regarded as an obvious shortcoming to be overcome by the manager at the earliest opportunity. He ought, so goes the advice, to be thinking the same way as the president of a large-scale organization.

There is some truth in this position, but it is a one-sided truth. In so far as technical activities are concerned, ownership must be regarded as immaterial. In determining costs, for example, considerations of ownership obviously have no place. Can we, however, say the same about determining prices?

The usual practice is to permit ownership-facts to play some part in high level management decision by use of a return-on-investment pricing policy. While the impact of ownership in large-scale enterprise is thus recognized, it plays a limited and *formalized* role in management. But it is hardly good logic to assume that it should play the same limited role in one-man managed and one-man owned enterprise. We need, it seems to me, a broader concept base when we deal with one-man managed firms.

The wealth of the securities-owning investor is independent of whether he actually controls the operation of the business. This is simply not the case for the owner-manager. He can often reap substantial benefits from his wealth only through the exercise of control — and those benefits are psychological as well as economic. This is not to say that the yardsticks for measuring performance developed in present-day management theory have no value for the owner-manager. But it can be said that such yardsticks do not measure everything of economic importance to the owner-manager.

As a result to the owner-manager much of present day

formalized management theory appears to be biased and is for others, not him. It seems mainly to be concerned with a special kind of ownership: the ownership of readily transferable stock. As such, it is regarded as oriented toward the investor and the financial market for a special kind of equity — one which is not quite the same as present in the owner-operated entity.

What the owner-manager requires is a specialized management theory built around his position in the economic order. But this theory cannot be created without some study of the special nature of these smaller business forms. And it is to look at some of these characteristics that we must now turn.

For creative thinking about the management problems of different segments of our economy the business community can be divided into three categories. The self-employed persons, the independent business managers, the corporate team entities must be regarded as having essential differences. Admittedly this is a rough division ignoring the fact that organizations often vary in small degrees rather than in a sharp and easily defined way.

Characteristics of the Independent Manager

The independent business manager, with whom this discussion is concerned, controls through ownership and through executive participation in an organizational structure. That structure is of more than one level so that communication problems exist and some specialization is involved beyond that of the normal variety found at the lowest organizational levels. The independent business manager can exercise some degree of choice among suppliers and customers. Thus he can develop strategies in his relationship to the external world. This much can be called the hard core of the definition.

He is thus able to see his efforts as being in part responsive to the supply and demand fluctuations of the economic society. His enterprise is an entity having some effect in that society, and thus of importance to the community at large. His success and survival have a genuine significance to others even though this may vary from time to time.

There will, I think, be no argument with the need for a variety of specialized knowledge or technical "know-how" required in the conduct of such a business. And this can both be best developed by experts and taught by experts. There are certain kinds of problems in business management which can be solved by the use of this kind of thinking. The problems will appear, primarily, in the field of methods and procedures for conducting operations aimed at a fully specified result. But more than this is required for business success.

What is wanted at times is the ability to think in general terms, an ability to see the forest instead of the trees. Here a special mental skill is demanded which ignores the individual variations and details for the sake of the general and similar. There are certain kinds of business problems which can be tackled only in this way. The problems often are present in determination of policies and goals — are involved in determining over-all strategy.

The methods are not independent. One often leads to the other. But they are appropriate in separate fields and cannot be interchanged. One important difference in these two modes of thought is evident at once. The technical kind can be delegated by the manager; the philosophical kind, if it is to be done at all, cannot be delegated.

Out of this arises a primary organizational problem which is to bring the technical activity in line with and in harmony with the philosophical objectives of the manager. The "reasons-why" organizational components exist and policies are set out and transmitted in this philosophical framework. Without harmony, the technical centers of the organization pursue courses which conflict, and worse, prevent the realization of the final organizational goals.

This basic organizational problem is faced by the one-man management team — but these divergent elements symbolized by the "hats" must be integrated *within one mind*. They cannot be compartmentalized in an organization chart with conflicts resolved in a formal way — personal ambitions and characteristics prevent this. What the owner-manager seeks is a way to bring into harmony all the various responsibilities and conflicting interests which he alone must face, and for this difficulty current management theory offers no aid. It can tell him what to do after the functions have been distributed to separate individuals . . . but not before this has been done.

Nor is it likely that much theoretical aid can be provided here, since the desired condition appears to be affected by a variety of ever-changing relationships. One of the things to be kept in mind here is that the harmony sought is affected by the personal ambitions, likes and dislikes of the owner-manager. He does not just want a harmony, he wants one which will do the most for the future realization of such ambitions, which themselves are not always clearly spelled out.

There is, therefore, a need for some understanding of what the range of personal ambition must be if it is to be realized in the framework of a business entity. It is certain that there are no absolute limits here, but that they change from time to time. Such an understanding would also involve the study of the inter-actions between the ambitions of the owner and those who work for him. This again is a problem found in owner-management and not in professionally managed concerns where the ownership interest can be satisfied with a dividend payment.

Personal Factors Affecting Control

It may appear to some that the distinguishing trait of the independent business manager is that he seeks to be his own boss. But it is quite apparent that something more than this is involved. Questions of status in the community and among his peers, questions of above average income, a special kind of economic security are all involved as well as the obvious occupational advantage. Nor is the satisfaction of being a successful competitor and a "self-made" success, at that, to be overlooked as a factor.

The control of the owner-operator is thus permeated with personal considerations, necessarily so. These personal

elements are not always as clear to the manager as they are to his critics. But the fact that such elements are present is important. The problem of delegation of authority is complicated by personal considerations. The problem of planning for the future is often made more difficult by the reluctance to share operating data and financial results with subordinates.

In each case the hesitation and refusal is dictated by the presumed impact on the attainment of the owner's personal ambitions. The major consideration in the overcoming of these obstacles is often the result of evaluating the personal ambitions of subordinates. The owner-manager says he has learned to "trust" people. Often he means by this that he is sure that his subordinates are sufficiently different in nature from himself that they will not become competitors.

The need, therefore, of a procedure by which the owner-manager can assure himself of the reliability of his subordinates is in the sense unique to the one-man managed firm. As his enterprise grows larger the size of the capital required for effective competition also serves to relax former precautions.

Philosophical thinking in business is connected with future probabilities or possibilities, and for the smaller enterprise the effect of such future events is measured largely in terms of personal impact on the owner. No man can tell beforehand whether a policy he sets, or goals he envisions for himself and his organization are wise and right. Time and events only will prove the soundness of guesses, estimates and hopes.

There is here a risk — a possibility of error — which might be slight but can be fatal. In technical thinking the error is always due to carelessness in application of proven techniques. But in the area of management judgments this is not the case. Error can arise equally well from pessimism as it can from optimism, from over-simplification as well as over-elaboration.

The essential difference between a publicly-owned corporation and the privately-owned enterprise of the type being discussed lies in this ability to withstand philosophical mistakes in the area of management discretion. The resources of the smaller enterprise require not that the manager be correct in the long run, but that he be correct in the short run as well. The smaller economic enterprise is vulnerable to localized economic stresses which cannot be averaged out in practice. The bench marks useful for long range planning in publicly-owned enterprises do not have this utility for most small enterprises.

Utilizing Previous Owner-Manager Policies

Does this mean that the owner-manager has no long range plans? In a real sense this is frequently true, he has a strategy but no real plan. And his strategy is to use methods which have apparently been successful for others.

What he wants to know from the man who has built up his own business is what course of action was followed — followed in policy making and goal determination. And this preference for knowledge based on successful experience indicates a possible course of action to be followed in the development of effective management programs for owner-managers:

- Given a choice the guide that most one-man management teams would prefer in making policy decisions is the experience of other businessmen.

This is because it is not likely that any new type of business experience will arise. Situations in the future will be closely similar to situations which have occurred in the past in business. Men have failed before as well as succeeded, and failed or succeeded for a variety of reasons. It is almost certain that an event which can happen to a businessman has at sometimes, someplace, happened to some other businessman.

- Reliance upon such first hand knowledge has an advantage. This knowledge is often expressed in the ordinary language of business. It may lack something in methodological precision when so expressed, but it gains a great deal in easy comprehension.

The businessman wants simplification of experience; his demand is thus for abstraction, but he shies away from the same abstraction couched in unfamiliar terms.

The method of setting organizational goals and policies in smaller enterprises then necessarily leans heavily on a knowledge of recent business history as reported by the men who made that history. Sound business judgment becomes the utilization of the materials of this history to solve one's own problems.

There are considerable numbers of ways in which a man can gain technical knowledge, a vast literature exists which has been systematically organized for the use of students. But the ways in which a man can gain experience in the making of judgments are limited. There is a scarcity of literature on the topic which is free of the abstractions introduced for the sake of precision and theoretical necessities.

In the main, the useful information for the independent business manager rests in the experience of other businessmen related in the normal occupational language, and must be drawn out by interested questioning.

The recognition of this fact makes it quite evident that for any improvement in small-business management there is a need for the creation of sources of information directly linked to business management experience. Reliance must be placed on associations of business-managers themselves willing to make their experience available on a peer level. It appears quite likely that this can only be gained if each manager has access to such information stored in the group.

It may be that the advancement of knowledge in this general area of business management can be promoted by organizing special interest groups within the framework of the Society for the Advancement of Management. Groups in which membership is restricted to executives having significant equity holdings in their respective organizations. If such a program is successful a new and important way for promoting the development of managers of independently owned business on a continuing and organized basis will result. ■

"The real test of a top executive's leadership qualities lies not in the volume of people whom he can personally reach and inspire, but rather in the effectiveness with which he orients and motivates his key administrators"

Extending the Horizons of MANAGEMENT COUNSELLING

By WILLIAM L. CAMPFIELD

ONE OF THE phenomena of mid-20th century is the overt recognition by American management that effective long term direction and control of modern enterprise require that its top managers be trained and developed along the lines of the best philosophies, traditions, standards, and practices of the professions. This steady growth of "professionalism" in management over the years is one of the most hopeful signs of our times.

Moreover, since business enterprise, public and private, is the agency of society charged specifically with the long range productive use of economic resources, this trend has a tendency to raise the ethical standard and widen the outlook of society as a whole.

In consequence of the new concept of management responsibility, there has developed in recent years a whole new literature devoted to explaining how managers can plan, execute, and evaluate the accomplishment of enterprise goals in the best scientific manner. In addition, there has emerged a latter day fraternity of management associations, auditors, consultants, and engineers who assist and counsel various levels of management in arriving at a variety of decisions spanning the whole management spectrum.

Although this service represents a worthy contribution to the art of management, it has not, in the opinion of the present writer, sufficiently stressed the need for helping individual top managers develop and improve the kind of personal attitudes, philosophies, frames of reference, and ability to judge wisely among institutional values and goals that combined are the hallmarks of every profession.

The individual enterprise, particularly the modern corporation, is customarily viewed as an impersonal mass or collection of people working coldly and efficiently toward a goal or goals faintly identified as the "good of the organization". Consequently, in our discourse following, we introduce the element of personification of the enterprise in order that we may measure certain aspects of it in terms of personal attributes inherent in professional conduct.

Effective Leadership Derived from Individuals

In spite of the tendency of contemporary writers to lump a heterogeny of members of boards of directors and company officials into a category loosely designated "top management", every organization or entity has *one person* who by his personal philosophy and leadership actions gives real rather than nominal meaning to the organization's long range purposes, ideas, and traditions. It is this individual whom the writer terms *the top manager* and about whom

the theme of this article is shaped. Where there is a conflict between organizational titles and actual practice, it is *the effective* leader, not the titular leader, about whom we are concerned.

The long established professions; e.g., law, accountancy, engineering, are for the most part represented by and exemplified by individual practitioners (even when they are associated in partnerships for day-to-day practice). It is deemed appropriate to propose that enterprise managers might well hasten their transition to and qualification for the new role of professional responsibility through a planned and purposeful association with exemplars of the best traditions of the professions. Independent management advisors and consultants, who in most instances are members of one or more professions, represent the logical choice for purposeful association. Moreover, the experience which these advisors or consultants have with a variety of individual enterprise conditions and circumstances places them in a unique position to furnish practical assistance in developing the kind of thinking which insures that an enterprise's operations will be well conceived, profitably long lived, and socially useful.

Since the person occupying the summit position (the top manager) in the management hierarchy of an enterprise best personifies the enterprise, the degree to which he develops a sound personal management philosophy, and the degree to which he personally achieves constructive leadership determines the degree to which his enterprise: 1) observes the best ideas, traditions, and practices of the professions, and 2) achieves long range profitability.

The balance of this article is directed to discussion of the conceptual framework of an approach whereby external management advisors and consultants can constructively aid a top manager with respect to matters discussed above. This assistance could well be accomplished as an extension of the conventional service rendered to management by professional advisors, auditors, or consultants. It is not deemed essential to the development of the theme to discuss either what type of management consultant or advisor is best qualified to render the added service, or to spend any time discoursing on the theory or methodology of management in general. It is believed more fruitful to concentrate on a limited number of substantive aspects of the proposed expanded dimension of management counselling.

Development of a Sound Personal Philosophy by the Top Manager

It is obvious that the advisor or consultant to the top manager must have crystallized his own ideas if he is to be of more than casual service. It is quite unfortunate that much management literature describing excellent or efficient management has focused attention on the polar extremes of quantitative-profit measurement of managerial ability or the general attributes profile of managers who "get things done through people."

The appropriate starting point would seem to be assistance to the top manager in defining the continuing societal purpose and role of the enterprise. These matters manifestly assume first significance in the modern large scale enterprise because only the top hierarchy is able to express its personality and philosophy regarding enterprise goals and societal status. This expression for better or worse takes shape in the form of the broad enterprise policies, organization structure and relations, and action programs. And since the effectiveness of decision making and action down the line depends on the degree to which an enterprise's long range objectives have been carefully conceived and communicated from the summit, it is fitting and necessary that the top manager spend a substantial portion of his time continuously determining what his enterprise should accomplish, and in forecasting the future conditions, technological as well as economic and social, under which the continuing goals are to be reached.

The history of any particular enterprise is likely to reveal that although the incumbent top executive may have voluntarily accepted the personal management philosophy of his predecessor (especially during the initial stages of successor tenure), the incumbent's personality and philosophy invariably becomes etched in the mosaic of the enterprise at some point during his occupancy.

In particular, the independent management advisor or consultant can render invaluable assistance in gathering requisite underlying data and in helping the top manager weigh the consequences of alternative choices involving the following factors:

1) *The level of leadership to be sought in the industry in which the enterprise is engaged.* Implicit in this determination are forecasts or models as to type, quality, and diversification of product or service; size and scale of plant; long range policies with respect to customer and employee relations; investment return ratio, etc.; all of the foregoing structured in a way to be commensurate with and compatible with the level of industry leadership sought.

2) *The level of business or economic statesmanship the enterprise will seek in the local community as well as in society as a whole.* Implicit in this determination will be consideration of institutional 'givens' over which the enterprise may have little or no control. Some fairly non-controllable "givens" that must be considered as objectively as possible are population trends, political trends, future price levels, business cyclical trends, and that nebulous element called social and technological change.

To be sure, where the enterprise has been in existence for a long period of time, and organizational policies, commitments, and practices have become deeply imbedded, the management assistance and counsel would be directed toward re-examination and improving the personal management philosophy rather than toward creating an entirely new one. It would be unsophisticated, indeed, to expect that any single counsellor could influence a manager to completely overturn long established and ingrained enterprise goals, programs, and habits no matter how much pure logic might dictate such a change.

The management counsellor could utilize the tools of economic analysis and other scientific methodology in developing data to assist the top manager with respect to the forecasted niche in industry. Economic analysis in particu-

Mr. Campfield is a Certified Public Accountant with offices in San Francisco, California

lar has been sharpened to the point where under given institutional and technological conditions the courses of action necessary to produce maximum revenue at least cost can be predicted with reasonable fidelity and accuracy. On the other hand, the counsellor may experience inordinate difficulty in helping the manager determine the level of statesmanship to be sought.

In some respects, once the industry niche is attained by an enterprise, the role it will occupy in the community and in society is frequently established by dicta of various agencies of society itself. By way of illustration of this point, it is common knowledge that the societal role of certain oligopolistic enterprises in the United States is established at points of time by combined dictum of governmental agencies, labor organizations, consumer organizations, and public opinion. The alert management consultant may be helpful to a manager, however, in assisting him in forecasting the particular societal role that follows as a logical consequence of reaching a given industry niche. The larger part of the determination of the degree or level of societal status that the enterprise will voluntarily seek must necessarily be predicated upon the top manager's personal beliefs, convictions, and point of view regarding the level of statesmanship his enterprise should occupy.

It can be argued rather successfully that a top manager's point of view and acumen in plotting societally useful long term objectives for his enterprise and in determining the industry and community level at which these goals will be continuously sought constitute the most important and controlling aspects of a sound management philosophy. The well publicized conventional framework of individual company policies, plans, programs, evaluative and measurement controls and the like is generally developed and activated with relative ease once the pattern of long range goals and enterprise status has been articulated by the top manager.

Since the top manager is the catalyst for the entire enterprise, he must not only conceive sound long range objectives but must secure and train fully competent people to whom he can delegate the authority and responsibility for engineering the enterprise mechanisms for planning, controlling, and consummating specific period-by-period performance programs. The degree to which he achieves success in securing, coaching, and motivating his key subordinates to plan and carry out efficient and profitable programs will determine the degree of attention he can devote to the long run philosophy of the enterprise. (More discussion on this point will be presented in a following portion of this article.)

In summarizing this section, it is well to re-emphasize the fact that any individual or individual enterprise operates within the framework of a broad institutional setting of laws, traditional business and social relations, political and social customs and beliefs. Rarely can the individual or the individual enterprise make much of an imprint on this setting. Contrariwise, higher goals and integrated action for the individual person or enterprise are usually dictated by the institutional complex. But since the institutional setting is continually conditioned by the dynamics of human satisfactions as reflected by changes and innovations in politics, public opinion, technology, social environment, and the like, a top manager needs to be vitally concerned with forecasting the effects of these dynamics so that his enterprise's policies and practices can be arranged and revised to take advantage of changes and innovations and be guided along lines that will constructively aid the long run future of the enterprise.

In an imperfect world, few top managers have sufficient time and freedom to devote to these matters. For this reason, among others, individual top managers need as much informed and objective counsel as they can feasibly secure to aid them in developing the kind of personal management philosophy which insures that their particular enterprise will successfully adapt itself over the long run to the changing institutional setting.

Achievement by the Top Manager of Constructive Personal Leadership

It is a commonplace among the careful students of management science that the real source of authority possessed by a top manager lies in the voluntary acceptance and understanding of the exercise of authority by the people who are subject to it. Paradoxically, managers are constantly re-

"In its quest for optimum economic efficiency, American management may well have overlooked the service-above-profit attitude historically associated with long established and revered professions."

discovering that people carefully selected, instructed, directed, and motivated are the most significant resource with which management achieves success.

Consonant with ideas already expressed, the following thesis is advanced: *The long run achievement of an enterprise's objectives varies in direct proportion to the degree to which its top manager by word and deed establishes a leadership pattern that inspires and stimulates his subordinates to translate his thinking into profitable long term action.* Paraphrasing an idea expressed by Ralph J. Cordiner on many occasions, the top executive is thus viewed as a long range thinker and leader who spends substantially all of his time conceiving enterprise objectives and goals, and selecting, coaching, and inspiring his subordinates. Pursuing this pattern of leadership, he provides them with an environment in which they can obtain not only self-gratification but also profitable results for the enterprise.

Few complexities as to leadership are posed for the top manager in a small to medium scale enterprise. Generally in such concerns, the top manager knows all of his administrators and supervisors, and in some instances he would know most of the line workers. Through personal contacts, informal discussions, and conferences, he would be able to personally ascertain, with a minimum of effort, whether his ideas, beliefs, and management philosophy were getting through to his people and were inspiring them to profitable performance. The problem in large scale enterprise is considerably different. Although the top executive's personality imprint may permeate the entire enterprise fabric, it is generally impracticable, if not impossible, for him to directly communicate the full measure of this personality to more than a few strategically placed administrators within the enterprise and to a limited number of persons outside the enterprise. Consequently, if the top manager wishes to achieve optimum efficiency in communicating his management philosophy as well as permit him the freedom for further improvement in that philosophy, he must develop a system of highly competent management *alter egos* which will insure that effective communication of enterprise goals and accomplishments is constantly being achieved both within and outside the enterprise confines.

The real test of a top executive's leadership qualities lies not in the volume of people whom he can personally reach and inspire but rather in the effectiveness with which he orients and motivates his key administrators. For it is this latter group who must devise and control the lacework of enterprise policies, plans, programs, and controls which guide, control, measure, and furnish the basis for motivation and action by specialists, supervisors, technicians, and workers down the line. It is the key administrator group more than any other single component of the enterprise that needs to be sure that it thoroughly understands the basic principles and goals and philosophies under which the destiny of an enterprise is to be achieved. If the top manager can assure himself that he has achieved a real community of understanding, interest, and responsibility with his key administrators then he can be assured that the enterprise rationale as well as his personal leadership virtues will be consistently transmitted to every facet of activity.

The problem of solving the precise role of leadership they should assume is likely to be a fairly difficult one for the majority of top executives. Since no one individual ever possesses enough knowledge of relevant facts to successfully handle this matter alone, it is quite urgent that the top manager seek and use all the informed, objective aid he can secure to help him achieve *ex-ante* control of enterprise goals. To be sure, his key administrators will furnish him with valuable ideas and information. He will also be able to make certain determinations after his evaluation of the summary data that flow upwardly in the form of statistical, financial, and other measurement and evaluative reports. He may also find useful assistance through consultation with his peer group in industry or from analysis of data furnished as a result of conventional financial and administrative audits. The trouble with these sources is that they typically provide data and assistance which are both *ex-poste facto* and disproportionately weighted with quantitative-formula solutions to the problem.

The solution to the problem of the shape and content of the top executive's leadership lies in establishing a role that strikes a delicate balance between an absolute humanistic and an absolute return-on-investment approach to the future trend of the enterprise and its institutional setting.

One feasible solution might be achieved through use of the technique known as model-building. With the assistance of an adequately experienced management advisor or consultant, the top manager should draw skeletonized, alternative industry and society positions or status he wishes his enterprise to achieve at definite, predictable points of time; e.g., at the beginning of the year 1960, 1965, and so on. Included would be concise statements of key assumptions or premises with respect to the considerations mentioned earlier as associated with determination of industry and society leadership levels. Super-imposed upon or corollary to each of such enterprise status models, there should be a skeletonized top executive leadership profile compatible with the alternative enterprise status represented. It is believed that if such models are constructed with prudent creativeness, the whole shape of economic and financial models, the construction of which has become quite compulsive in modern scientific management, would take on greater substantive meaning than heretofore.

The experimentation in games and model-building of enterprise status and top executive leadership profiles has the express purpose of laying a solid foundation and substructure to support the super-structure of program planning, decision making for specific action, performance, and evaluation practices. Obviously, these elements of the super-

structure and the routines, tasks, and specific period results related thereto are a necessary part of continuing enterprise. As mentioned before, a top manager must assure himself that the "specifics" of his enterprise's operations are under adequate planning and control if he is to avail himself of time and freedom to do long range thinking. In this regard, a well versed and rounded management counsellor can furnish invaluable assistance to the top executive both in constructing profiles of the kind of key administrators required and in the actual selection and preliminary coaching of the people who occupy these positions.

In summarizing this section, certain implicit premises can be re-emphasized. First, successful model building of long range enterprise objectives and the accompanying leadership or direction pattern requires that the top manager provide adequate time for his creative thinking. This may necessitate his taking carefully considered risks and divorcing himself almost completely from the actual routines of planning and activation of specific plans. Regardless of methods used, he must have freedom of thought for establishing the premises that underlie planning. In other words, the top executive must have freedom to "plan the planning."

Second, as a corollary, the top manager must take as many antecedent steps as possible in the way of selecting, coaching, and motivating his first tier of subordinate managers to insure that he as well as they will continuously have the freedom to think out premises and plans related to their respective enterprise responsibilities far in advance of actual period to period operations. Realization of this desirable environment for thinking by each level of the management hierarchy is the antithesis of "crisis management" which characterizes far too many enterprises in this a century of enlightment and opportunity.

Finally, a rational concept of modern management should include a root idea that in a competitive, organized economy the long range social and economic usefulness of each enterprise must be predicated on arrangements which clearly place the top management responsibilities in the hands of those persons who not only have the knowledge and vision to recognize when and where creative thinking and careful judgment are needed, but who have the will and initiative to establish an environment in which creativity will be continuously practiced. The proposition is here submitted that an alert top executive may well consider the fact that his own efforts in this regard might be interestingly and fruitfully supplemented by independent, broadly trained and experienced counsellors or consultants.

Conclusion

The overall or basic problem of enterprise management has traditionally been posed as that of putting together, directing, and controlling a fluid, dynamic package of funds, facilities, and people to produce and distribute some predetermined output at an attainable "least cost." The effectiveness with which management solves this problem has, again traditionally, been measured generally in terms of money profit or other quantitative indicators of economic efficiency.

There is no question that the long run usefulness to society of any given enterprise is predicated in some substantial measure on the degree of economic efficiency achieved by that enterprise. Moreover, when American enterprise, public and private, is viewed collectively even the casual onlooker must marvel at the degree to which the scientifically sharpened quantitative tools of management have been brought to bear on operations that turn out more and more goods and services at generally decreasing prices to consumers.

Notwithstanding, there are disturbing indications that American management in its quest for optimum economic efficiency may well have overlooked the necessity for emphasizing that its members studiously train for and acquire the attribute of reasoning, and service-above-profit attitude historically associated with long established and revered professions.

In recognition of the trend of management toward professional status, the current writer has outlined in his paper the broad conceptual framework of an approach whereby the *effective top executive* of an enterprise (the personification of enterprise) with assistance and council from well rounded and experienced independent management counsellers might work out schemata which insure that his enterprise will at all times be guided by a kind of management that meets the best standards of a profession.

External management counsel has been introduced as an element of significance for two reasons. First, only a relatively few top executives and their administrator entourage are sufficiently free of "fixation on the trees" to be able to see the forest. Second, the well recommended external advisor or consultant represents a source of diversified experience and objectivity vis-a-vis the constantly evolving management scene.

The particular schemata discussed in this paper focus attention on the construction of models of long range goals and enterprise status at predictable points of time, and the drafting of profiles of top executive leadership roles compatible with each model of enterprise goals and status. It is submitted that successful accomplishment of such model building will go a long way toward insuring that the enterprise continuously observes the kinds of traditions and practices which society expects from a profession. It also should augur well for the enterprise's achievement of long run economic productivity in a constantly changing economic, political, and social environment.

Perhaps at the risk of oversimplifying our thesis, it may be stated in conclusion that once the top executive has carefully drawn his alternative models of enterprise goals and status, the next most desirable attribute or characteristic expected of him is the ability to make up his mind regarding the model to be adopted at specific points of time and transmit his desiderata quickly and understandably to his key administrators and specialists. It is taken that these latter groups occupy the particular positions they hold because they possess proven abilities in organizing specific plans and programs, and in getting related things done in a timely and skilled manner. ■

"Leadership is a collective function: collective in the sense that it is the integrated expression of a group's efforts: it can only arise in relation to a group problem or purpose; it is not the sum of individual dominances and contributions, it is their relationship. In so far as a man contributes, to the collective readership function . . . he will realize that the ultimate authority and true sanction for leadership at every point where it is exercised, resides—not in the individual, however dominant, strong, or efficient he may be—but in the total situation. It is the situation which creates the imperative, not the individual."

Dr. Henry Harris

A consideration of some of the philosophical problems of management:

THIS IS AN ARTICLE about "managership." It is primarily concerned with the responsibilities of management, and how the assumption of these responsibilities is affected by two abstract concepts closely associated with the institution of management, "authority" and "leadership."

In business, industry and government the traditional search for managers has been guided principally by the criterion: "Is he a man who can accept responsibility?" Responsibility has always been recognized as a fundamental imperative of managership. And yet, for the most part, the record of management in these three corporate areas of our society has not been one to inspire the detached observer with either its efficiency or its humanity. There have been exceptions it is true, but the exceptions only serve to underline the general failure.

The failure to harvest the full fruits of corporate activity seems to be rooted less in the selection of irresponsible people to positions demanding leadership than in the failure of the organizations—which is to say, top management—to create a climate of supervision in which everyone, from the general manager to the office boy, might find it possible to use all his skill and ability, without fear or inhibition, in the performance of his particular tasks. The creation of such a climate depends, I believe, upon the successful combination of those two essential but frequently conflicting forces, authority and leadership. Their relationship to one another, and to the responsibility of managership is, I think, a very practical philosophical problem for management.

Morality of Force in a Free Society

Within the formal structure of management authority has two interrelated and interdependent meanings. Authority is first the *right* to make decisions, and second, the *power* to implement decisions. Power to implement, without the right to make, is the hallmark of the "boss." Authority so exercised, if it involves no element of personal judgment, is usually devoid of any sense of personal responsibility. Authority exercised without any sense of personal responsibility is blind and potentially dangerous. On the other hand the right to make decisions without the power to implement them is no more than the hollow shell of authority. Such authority—the authority of a monarch in a parliamentary democracy—has only symbolic value, and is better understood as leadership. Authority is therefore most effective when it combines the *right* to decide with the *power* to act. This is the basic principle of delegation, and a cornerstone of effective management.

The manager in our society has traditionally had two resources with which to direct his group towards its established goals—first the *force* of authority, and second, the *power* of leadership. Historically speaking, the force of authority has been the mainstay of those who have directed the affairs of mankind. Only recently has the morality of force been seriously questioned by practical 'men of affairs.'[1] This change in social values follows naturally upon a change in man's image of himself. Our increasing sense of guilt in the use of force is closely associated with the increasing sanctity of the concept of freedom. If the freedom of the individual, or of the individual nation, is inviolable, it therefore follows that an attack upon that freedom is an immoral act. (That the freedom of the individual person or nation is not and should not be inviolable can be argued, and inevitably the final problem centres on the *degree* to which individual freedom may properly be infringed. However, in this paper, I am concerned less with the resolution of the problem of individual freedom than with the beliefs about it which characterize modern society.)

The increasing non-acceptance of the morality of force and a social climate which emphasizes freedom are matters

[1] Despite their difference in degree and outcome, the use of force by Russia in Hungary and Britain in Suez as a means to resolve an international dispute was almost universally condemned.

Mr. Roddick is a special assistant in the office of the Chairman of the Civil Service Commission, Ottawa, Canada

• *Authority* • *Responsibility* • *Leadership*

By PAUL M. RODDICK

of important and immediate concern to every manager. The unnecessary restriction of personal freedom can no longer be defended within the framework of Western democratic philosophy. This is as true within the factory gates as it is in the community outside. The problem for every manager is that the cornerstone of his professional edifice is authority (force), and it is rooted deep in history. The big stick has been staunchly defended (and still is in many quarters) as an efficient and legitimate tool of management. If it is going to be discredited, I suspect that the basis of the proof must rest upon its *inefficiency* rather than its *immorality*.

Sources of Authority and Leadership

We return now to this difficult problem of combining authority and leadership in such a way as to provide for effective and responsible managership. What do we mean by leadership? There are many definitions, but for purposes of this paper leadership means: "Any action involving the assumption of personal responsibility which influences others in such a way as to affect or direct their activities or their attitudes, but which achieves such an affect or direction without coming into conflict with the will of the person concerned."

The formal work group is seldom a "natural group." That is to say, the goals of the individual members are seldom identical with those of the group, as these are determined by management. In situations where they are identical the manager does not require authority; he achieves the goals of the group (i.e., of management) through the exercise of leadership. However, the more naturally divergent the goals of the group and the goals of its members, the less the manager can depend upon leadership, and the more he must depend upon authority. In the context of modern Western society, however, if the goals of the group and its members become too divergent, no manager can call upon sufficient force to hold the group together. He simply hasn't that much authority.

Dr. Harris, in the statement which I have quoted at the beginning of this paper, talks about "the ultimate authority and true sanction for leadership." Whence comes the *power* of authority and of leadership? In separating the one from the other we must bear in mind that part of my definition of leadership which relates to the will of the persons affected. Where the will of the person does not resist the influence of the manager, authority (force) is not involved. The relationship is one of leader to follower. With this in mind then, let us look at four possible sources of authority or leadership:

1) *From the group as a whole, or from individual members of the group.* When every member of the group 'authorizes' the manager to make and carry out decisions the *power* of the manager is sanctioned by the group and is exercised as leadership, not authority. However, if any member of the group does not sanction the manager's right to make and implement decisions, the manager's relationship to that member is not one of the *leader,* but the *authority.*

2) *From the individual himself.* Both authority and leadership may derive from the individual. The amount of authority (force) which an individual can bring to bear in present day society is very limited. In the large group with strong beliefs in independence and freedom, the bully is not tolerated. On the other hand the capacity of the individual is fundamental to the exercise of leadership.

3) *From a 'higher authority.'* This is the traditional sanction for the exercise of authority in the Church, State, Military Services and Business. In a society whose members are conditioned from childhood to obey higher authority without question, the day to day acts of the manager cannot be discriminated as acts of leadership or authority. In such a society the individual is always a follower, and his superior (manager) a leader. Invested with this sanction of higher authority the manager finds no conflict between leadership and authority. But we no longer live in such a society. The individual who exercises power invested in him by higher authority is expected to be able to defend his actions and to accept some personal responsibility for them. If he cannot or will not do so, he is merely a "boss."

4) *From the "situation."* Traditionally the "situation" of the manager has created its own sanction for the exercise of authority (force). The penalties for disobeying authority were severe enough to create an atmosphere of fear. "Their's not to reason why" (as Tennyson wrote in the late nineteenth century with no intent except to describe) might well have served throughout the ages as the motto of the managed. But the situation has changed (though perhaps less in the military services than elsewhere). Leadership, on the other hand has always been sanctioned by the situation. It still is. Those who would exercise leadership must have the particular skills and resources which the situation demands. As Brown puts it, "the situation creates the imperative."

Nature and Responsibility of Leadership

Let us move now to a consideration of the relationship between leadership and responsibility. Or to put it another way, what is the nature and responsibility of leadership? Every child in play shares in the leadership of the play group. Every conversation involves a leader and a follower —although these roles usually alternate. There are in fact few relationships amongst people in which some one is not assuming the role and performing the functions of leadership. What are these functions? *The functions of leadership are personal acts, which by their nature create followers.*

But what do we mean by responsibility? We speak of "accepting responsibility," being "held responsible," "delegating responsibility," and also of "irresponsibility." What do we mean by these phrases? I am not sure that I know. Responsibility is one of the most abstract concepts which we try to express in words.

Responsibility seems usually to describe a person's duty or obligation to himself and others. *Irresponsibility,* on the other hand, describes an action or series of actions by one person, which has met with the disapproval of some other person or persons. This disapproval is a value judgment of what, in fact, is the nature of the first person's obligations. Often such value judgments arise from a consideration of the consequences of the actions in relation to what most of us would regard as society's two basic goals, the survival of its members, and their ultimate happiness (salvation). That sort of conduct which, if it were accepted as a general pattern of behaviour, would not lead towards these goals is called *irresponsible.*

The *acceptance* of responsibility is a phrase which we often use, and in management it is usually associated with two other phrases, *delegation* of responsibility and *assumption* of responsibility. Perhaps the easiest way to think about these terms is to watch them at work in their natural setting. The President delegates to each Secretary responsibility for administration of the public service in a particular area. The Secretary *accepts* this responsibility, but *assumes* (or carries out) only that part of the responsibility which he associates directly with his office and himself. The rest of the responsibility he delegates to his subordinates. His subordinates, in like manner, assume some of the responsibility, and delegate the remainder downward.

The interesting thing about responsibility in this process is that, as managers, however much we may delegate our responsibility, and however much our subordinates may assume it, we nevertheless retain the full load with which we were invested in the first place. In the final analysis, responsibility, when personally accepted, can never be wholly transferred to someone else.

I have said that the sanction for authority (which implies the right to use force) comes from four sources, the manager himself, a "higher authority," the group and the situation. The most fruitful of these sanctions (those which transform authority into leadership) are the group and the situation. In the army this harsh truth forces itself upon the young officer soon after he accepts his commission. He believes, at the outset, that he has been given a great deal of authority. The total strength of the most authoritarian organization in the world stands behind him. But somehow, and especially on the battlefield, all this force accomplishes very little in the achievement of his group's goals. Like fairy gold, if he attempts to use it, it turns to dust in his hands. When this happens he begins to comprehend the difference between authority and leadership, and the relative values of these two concepts in the management of men.

Extent of Personal Responsibilities

What is our responsibility? How do we determine the nature and extent of our personal responsibility? Where do our responsibilities begin and other people's end? These are important questions for every individual, and especially for every manager.

I raise these questions—not because I know the answers to them—but because they are questions which we all face, and for which we seek answers. Our verbal answers to these questions are not very important. It is not what we *say* but what we *do* that counts. Every action we take, every day, is an answer to these questions. By these we shall be judged, as managers and as individuals.

The ultimate consequences of many of our actions are of course frequently beyond our ken—lost in the misty reaches of the future. However, this uncertainty as to the consequences is no excuse for irresponsible actions. The manager is usually one who has willingly and with full awareness placed himself in a position in which he must carry a bigger than average load of responsibility. He is also usually compensated accordingly. It is therefore incumbent upon him to review his responsibilities and to consider whether he has been able to achieve a satisfactory balance between authority and leadership, a balance which will enable him to meet his obligations as a manager.

Leadership is always rooted in decision, decision which concerns itself with *what* to do, *how* to do it and *when* to do it. The *what*, the *how* and the *when* are the heart of management's responsibility. Nor is the problem limited to the manager's judgment with respect to these three types of decision. The toughest decision the manager has to make is how much of his responsibility for each of these decisions he should delegate to others. If he holds onto the complete responsibility in all these areas he creates an organization which is run by "bosses," and he creates a climate of supervision in which no one assumes personal responsibility for his actions.

What do I mean by 'boss?' I mean a manager who accepts no personal responsibility for the decisions which he implements; I mean a man who is the enforcer of other people's judgments, decisions, policies, directions, regulations. He exercises no personal judgment with respect to the consequences of his actions; he responds to direction automatically—like a buzzer when you push the button.

The man I have described is a stereotype, an abstraction; he does not exist. Today even those managers who are least willing to accept responsibility must do so if they are to maintain a productive work group. If top managers lack the security or the perspective to delegate, their subordinates will assume responsibility and take initiative in spite of them.

The sub-manager cannot afford to be merely a boss if he is to survive. The freedom of the employee, which is a joint product of a benevolent political tradition and a prosperous economy, will not tolerate the boss. Authority which finds its sanction outside of the group and the situation generates a resistance which destroys its usefulness.

The most difficult decision which any manager must face is when to take over responsibility which has not been vested in him, and which has previously been assumed by a higher authority. As Brown says, "the situation creates the imperative," but the individual manager is left with the problem of how strong the imperative must be before he responds to it. At what stage does a manager say: "This policy (regulation, directive) was conceived to apply in circumstances quite unlike this situation. I shall therefore countermand my superior's direction and use my own judgment." Here two fundamental moral principles of our society come into conflict with one another—the principle which emphasizes unquestioning obedience to higher authority, and the one which exhorts the individual, as a rational being, to make his own decisions and stand behind them.

The conflict between these two virtues (which we are all taught at one time or another) is not easily resolved. There can be no resolution in principle, unless we are prepared to abandon the one or the other. The resolution must take place in the particular event, and the individual must accept the risks.

Sometimes, with too little thought, we apply the wrong virtue. In World War II a British Admiral who stood by the regulations instead of his own judgment was relieved of his command.[2] The Admiralty stated that it "could not retain full confidence in an officer who fails in an emergency to take all prudent precautions without waiting for Admiralty instructions."

Sharing of Leadership vs. Failure to Accept It

No manager is always a leader, and only the very foolish or insecure pretend to be. The essential aim of managership is to fulfill a group objective, not to glorify an individual. The responsible manager of any group will not assume responsibility unless he feels he is more able to meet the demand made upon him than some other member of his group. If there are areas of responsibility in which others, because of special capability, are more able to provide leadership than the "status leader," the manager, should renounce his leadership and encourage others to assume it. (This is what every manager does when he allows his secretary to correct his spelling.)

This renunciation of leadership must not be construed as a giving away of responsibility. The conscious renunciation of leadership is totally different from a simple failure to accept it. The delegation of a function frequently adds to the burden of responsibility since the manager loses personal control of the outcome. To share leadership with colleagues and subordinates requires confidence in other people.

Leadership can only be shared by the manager who has a real respect for others, and who is emotionally secure himself.

Like so many other improvements in organization processes, the sharing of leadership and the delegation of responsibility can proceed most quickly and spread furthest when it starts at the top. It is from the top that the climate of management in any organization is determined. Shared responsibility in the work situation is productive for the same reasons that it is in the political community. Twentieth century corporate activity cannot prosper in an eighteenth century climate of "master-servant" relationships. Our philosophy of man management must change as men change. If it does not it will become bankrupt. ■

[2] Admiral Sir Dudley North, fired by Winston Churchill for letting the French Fleet escape past Gibraltar in 1940.

An analysis of two current schools of thought concerning —

The Setting of Company Objectives in Employee Relations

By JAMES J. BAMBRICK

ONE OF THE needs expressed by both line and staff people throughout the country is "management by objective." They feel that they need a clarification of the aims of the company. Only then, do they say, will they have a better sense of the direction they are to take in their day-to-day employee relations contacts.

From the company's standpoint objectives are necessary so that the company's employee relations program can have consistency and direction, and so that management can have a means whereby it can measure its progress or lack of progress. To have programs and functions without defining the over-all objectives is merely to buy the gimmicks of employee relations without a sound understanding of what is expected to be accomplished.

How should these company objectives be set forth? In the management field there are two schools of thought: 1) the company policy approach, and 2) the employee relations guide approach.

THE COMPANY POLICY APPROACH

The company policy approach says that these objectives should be set forth in a written statement of personnel policy which is broad enough to cover all possible circumstances; long-range enough to be enduring; approved by the highest authority in the company; and inviolate. Among the strongest advocates of this approach are Charles Hook, Sr., of Armco Steel Corp.; Thomas G. Spates, one of the fathers of personnel administration, who was formerly vice president of General Foods and professor of management at Yale University; and S. Avery Raube, of the National Industrial Conference Board, who has spent many weeks with the chief executives of some of the country's biggest firms in studying this subject.

The company policy approach is best understood if it is examined in light of the seven characteristics of policy, expounded by S. Avery Raube and Geneva Seybold of the Conference Board. They are as follows:

Characteristics of Policy

1) IT IS AN EXPRESSION OF BELIEF: First, *it is an expression of belief.* That is why so many times it is called "a creed" or "a statement of principles." Many policies begin: "We believe . . .", and then comes what the company does believe. In going over company policies it is obvious that many were founded on a strong sense of religious belief. They were founded on doing the right thing voluntarily and because it is right.

Let's take a specific item from the Standard Oil Company of New Jersey's employee relations philosophy:

> *"Equality of opportunity.* Our company believes in equality of opportunity for any employee or applicant for employment irrespective of race, color, religion, or whether a member or non-member of any union."

When that was put out in 1918, it was a daring thing to say. Standard of New Jersey put it into effect in all its installations. They did a great deal of pioneering in the hiring of Negroes. As a result, the Rockefellers and Standard of New Jersey executives played a big part in the United Negro College Fund and in the Urban League, which is an organization devoted to equal opportunity in employment for Negroes.

That little paragraph also played a big part in electing Nelson Rockefeller Governor of New York. The Negroes of Harlem and elsewhere knew that the Rockefellers had for 40 years quietly done a great deal to help the Negro better himself economically. Nelson Rockefeller got many of their votes and was elected.

2) STATED IN BROAD TERMS: The second characteristic of a policy is that it is stated in broad terms. It is not designed to be a statement of what are present practices. Rather, it is a guide to furnish the basis for present or future practices.

Let's test this one out. Sometimes you see statements like this: "Our policy is to provide two-week vacations to all employees with over a year's service." That is not a policy

Mr. Bambrick, a former president of the New York S.A.M. chapter, is assistant manager of labor relations for the Standard Oil Co. (Ohio)

statement. It is merely a statement of practice, and it is obvious that it is antiquated practice.

On the other hand, let's look at this statement:

> "*Paid vacations.* We believe in paid vacations, both as an earned reward for work done by the employee and as a chance for him to freshen up his energies and point-of-view by a change from his usual workday routine."

That policy answers dozens of questions that might come up. For example, a man leaves in January. Does he or doesn't he get vacation pay? The answer is clear: It's an earned reward for work done so he gets vacation pay when he leaves the company.

Take the money-hungry employee who doesn't want the vacation but just wants the money. This policy answers his request by saying that the company regards vacations "as a chance for him to freshen up his energies and point-of-view by a change from his usual workday routine."

3) MUST BE LONG-RANGE: A third characteristic of policy is that it must be long-range. It must provide for today, tomorrow, and a decade from now.

The Armco Steel Corporation's policies were approved by its Board of Directors on December 12, 1919. They still serve the company as its principal guide for all its actions.

4) REQUIRES HIGH-LEVEL THINKING: A fourth characteristic of policy is that its formulation requires high-level thinking and contemplation.

In Akron you have the B. F. Goodrich Company, a company of 32,000 employees. Its president, J. Ward Keener, and the top officers have been working over a year on drawing up a policy. At present they are surveying their employees, stockholders, management, and customers as to what they feel should be Goodrich's policies.

Armco Steel Corporation says that it took its top officers 20 years to develop their policies. It is obvious that these companies have put a great deal of high-level thinking into their policies.

5) MUST BE APPROVED BY HIGHEST AUTHORITY: A fifth characteristic of company policies is that they must be approved by the highest authority in the company. This generally means the Board of Directors.

Why the Board of Directors? First, because policies are meant to live on long after any one official of the company is gone. Secondly, because policies are meant to apply to all alike, from the lowest to the very highest. Having them come from the Board of Directors makes this clear.

6) MUST BE INVIOLATE: A sixth characteristic is that they are inviolate—that there can be no exception to them.

This is the thing that sets more people arguing than anything else. They can think of a dozen different special cases that would make the exception. But once you make the exception, then you have to say that that particular item *was* a policy, because it no longer *is* a policy.

7) MUST BE IN WRITING: And last, but by no means least, policies must be in writing.

a. *Writing* assures uniformity of application. It means that each supervisor can't go off half-cocked and come up with his personal interpretation of unwritten policies.

b. *Writing* means that there is something on which to base an appeal if there is a disagreement as to what is policy.

c. *Writing* assures a continuity in policies — that it isn't just a fad of a particular boss, to go out the window when he goes.

Many firms think they have policies until they try to set them down in writing. Then they discover they only thought they had policies. The top officials of many firms have sat down to dash off their unwritten policies. One year, two years, and sometimes ten years later, they are still struggling with it.

Writing brings to focus all the previous six characteristics we just covered—and as we see, they are big hurdles.

Advantages of Company Personnel Policy

What are the advantages of setting forth company objectives as company policies?

The first and most important advantage is that it makes possible true decentralization. They stake out for managers broad areas in which they have freedom of action. Managers can move with surety because they know that what they do has already been declared by the company to be right. Managers can also choose among many alternatives toward the accomplishment of objectives. They have as their guides broad objectives and not specific practices.

Without policies managers are in the position of not knowing what is "right." Without policies they therefore are under unconscious pressure to check with the home office before proceeding ahead on any new problem. And if they proceed without checking they have no assurance beforehand that what they do is right.

Policies, in short, are the *magna charta* of managers in a decentralized company.

The second important advantage of policies is that they make for meaningful controls. With policies, the primary purpose of Staff becomes more meaningful. Their first job is to help Line achieve objectives set forth in policies. Staff's second job is to make certain that the company does operate within the basis of company policies.

A third advantage of employee relations policy is that it represents to non-union personnel—and especially to engineers and other white-collar employees — the company's contract with the individual employee. It says to him, "These things we guarantee to you in writing." It says, "These things will not be taken away from you arbitrarily and capriciously by some new supervisor." They make unlikely the unionization of white-collar employees.

The fourth advantage of employee relations policies is that it gives personality and character to the company.

And lastly, because the worker knows the company knows where it is going, it increases his confidence in and respect for his company.

Disadvantages of Personnel Policy Approach

There can be little doubt that a statement of personnel policy is a "good" thing that offers many advantages to a company. Yet, when you look at the firms in the United States, you find that relatively few have such policy statements. Why?

In the first place, putting together such a statement of policy is a difficult thing to do. And it is even harder to live up to. The attitude of many companies toward firms with such policies is much like the attitude of many people toward those in an ascetic religious sect or monastic order. They admire them and would like to be like them, but feel that they just don't have the "stuff" to do so.

Secondly, the job, difficult as it is, becomes even more difficult when a firm has a history of merger or acquisition. The merged or acquired firms may have their own policies. There is a multiplicity of policies. The question then becomes one of putting into effect the parent company's policies or continuing the merged or acquired company's policy and, if so, for how long.

Thirdly, when we examine the companies with such policies we find that many of them have in common the fact that they are either non-union or deal primarily with independent unions. Advocates of the personnel policy approach say that these companies did the right thing voluntarily and that, therefore, there was no need for their employees to organize or bring in an outside union.

On the other hand, others say that in a highly unionized situation with a strong outside union the very rigidity of the policy approach may lead to strikes which might not occur under a more flexible approach. They feel that the uncompromising nature of the policy approach may not meet the realities of the labor relations world.

EMPLOYEE RELATIONS GUIDE APPROACH

The employee relations guide approach says: Instead of breaking our corporate neck trying to set up company policies on *all* matters, let us set up policies on only those matters that readily lend themselves to the policy approach. On matters that still are in the process of evolving let us establish less rigid employee relations guides that will constitute for members of the management team approved management thinking and an improved framework for action. But, unlike policy these guides will be based on the frank admission that they will be subject to revision as circumstances dictate.

This more flexible approach has a number of advocates, principal of whom is Carroll French, President of Industrial Relations Counselors, an organization which pioneered in and helped a number of firms develop personnel policies.

To be truly meaningful, the employee relations guides must partake of five of the seven charactistics of policy namely:

It is expression of belief.

It is stated in broad terms.

It requires high-level thinking.

It must be approved by the highest authority in the company.

It must be in writing.

The Missing Characteristics

The only thing missing is the concept of irrevocability that is implicit in the two missing characteristics of policy:

It must be long-range — an employee relations guide does not fulfill this characteristic in that it is subject to revision as circumstances dictate.

It must be inviolate — the employee relations guide approach does not fulfill this characteristic in that:

a. It establishes objectives even where these conflict with local practices within the company. The guide's purpose then is to indicate the direction the company wants the local management to move. (Realists point out that a policy may do much the same thing: Set an objective that may never be accomplished during the lifetime of any company officer, as, for example, Standard of New Jersey's policy on equality of opportunity irrespective of race, color or religion.)

b. It permits temporary departures from company objectives. The guide's purpose then is to clearly isolate the departure and to indicate that it is not to be considered precedent. (This is something that a company that really believes in policy would not permit.)

Employee relations guides are, in effect, semi-policy. They represent management thinking but do not represent an irrevocable commitment. They are a definite guide that a plant manager can base his decisions on, but they do not contain any inherent guarantee that they will be the same five, ten, or fifteen years from now. They are meant to be subject to the flux of the times—to be workable guides that give direction but allow for flexibility.

Uses of Employee Relations Guides

Advocates of employee relations guides say they are to be used, first, to cover objectives which are considered desirable but which are recognized as not being immediately attainable. In short, they would say: these are the things we

want to do but which we know we cannot do right away.

Secondly, their advocates say they are to be used to cover employee relations practices which cannot, and which perhaps should not, be applied uniformly throughout the company. This is particularly true of a company that is growing through merging with or acquiring other companies. In such cases, the guides would be gradually worked around so as to achieve that uniformity which is desirable while at the same time retaining those distinctive features that enhance and are an asset to the formerly separate companies.

Thirdly, their advocates say that since they can be distributed as widely or as narrowly as the subject matter dictates, they can be used to cover objectives which cannot be unduly publicized throughout the company and about which the management, for public relations or any other purposes, should not make a public statement. This use is particularly true in labor relations situations. In the poker-playing game of collective bargaining, to publicly announce objectives might mean giving away the entire strategy of the company.

Advantages of Employee Relations Guide Approach

The employee relations guide concept has certain advantages. First, employee relations guides have a built-in flexibility, as they frankly represent current thinking. Since they are subject to change they represent a challenge to members of the management team to work up a better set of objectives. Critics of the company policy school say that they imply rigidity—a "God has spoken" attitude that brooks no change. Employee relations guides imply a "best thing we could think of now" approach. They therefore always leave the door open for a better method. They are also much easier to write since members of the management team are less reluctant to set objectives which they admit may be later changed than they are to commit themselves to what may appear to be an irrevocable course of action.

Secondly, they are useful for matters that do not lend themselves to a widely publicized approach of company policies. This is particularly true of labor relations objectives which a firm may not want to have openly discussed.

Thirdly, they permit recognition of the fact that local considerations may demand temporary departure from overall stated objectives. This is particularly the case with a firm that merged with or acquired other companies.

Disadvantage of Guide Approach

The beauty of the employee relations guide approach is that it does not attempt to achieve the millennium of policies on all matters in one fell swoop. It is a gradual step-by-step approach. Flexibility is the means whereby it is to achieve its results. But flexibility—which is its chief advantage—is also its chief disadvantage.

If the employee relations guides can, at the whim of one man, change abruptly and often, then they are worse than nothing at all for they are misleading. In fact, they are nothing more or less than the formalization of expediency. They offer the line man who bases his decisions on them no assurance that he is doing "right."

If, in their attempt to permit exceptions to allow for local customs, the guides are observed more in the breach than in the observances, then they are more apt to become a company joke than a basis for company action. Their departure from the inviolability concept of policy becomes highly significant. They become mere words on a scrap of paper.

It is only as the employee relations guides become accepted as permanent, and only as they become accepted as the inviolable rule rather than the exception, that they acquire any real importance as a guide for action in a company.

The real significance of employee relations guides lies in the fact that they are an evolutionary stage toward the achievement of policy.

Comparison of the Two Methods

We have just considered two important means whereby companies set forth their employee relations objectives. No doubt there are more.

The question always comes up as to which of the two approaches is better. The answer is that it all depends on these factors:

If the top officers of the company are willing to put in the necessary time; and *if* they think through each and every implication of possible policies so as to avoid any ill-considered policies; and *if* they will not get discouraged with the years that this may take and drop the whole project; then the policy approach may be the answer, for the job would be done right.

On the other hand, in looking at the second approach you have to consider these factors: *If* the company officers want to see the results right away; and *if* they avoid smug self-satisfaction with half-baked statements of company objectives; and *if* they constantly work over the years to improve and refine their objectives so as to achieve the ideal; then the employee relations guide approach may be the best, for everyone from the very start would have something to work on in developing company goals.

The one thing needed for either approach is a chief executive officer who is not only sold on the idea but who is constantly selling the idea. A company is but the elongation of the shadow of one man—the chief executive officer.

The Idealist Is the Real Realist

You find running like a theme through the many statements of company objectives a strong faith in Judeo-Christian morality and ethics. They are highly idealistic documents.

The pragmatists scoff at the idealists. They say, "We are the realists." But as we have seen in the TV quiz scandals, the only realists were the idealists who refused to sacrifice principle for expediency.

It is wonderful to work for an organization where the test for every action is "Is it right?" The place to begin is the corporate policies and objectives that determine the direction in which the company is going to move. The goal is "management by principle rather than management by expediency." ■

Having exhausted possibilities for improvement in both individual units and the workings of the whole, we must seek a new concept to improve group productivity and plant use. One suggestion is to utilize:

Time Dimension Possibilities of the Group

By FREDERICK C. DYER

WHEN WE LOOK at industrial success we can see the applications of three basic laws or principles of technological growth.[1]

First, each part of a machine, or process, organization, or method, raw or finished material can be improved to a certain point. This is the rationalization of industry. You build better jigs and fixtures, you pre-position the materials, you develop special tools, and finally the item is as efficient, as automated as possible. Then you train the workman, you motivate him with incentives, you provide him with comfort and conveniences till again you reach the limit of individual improvements. When you have done everything you can to develop each unit, then to achieve more you must turn to the second law.

The second law is that the whole of an organization is greater than its parts. This law seems almost magical in its operation. What it means is that when you weld an organization together, it produces not just the sum of its parts, but somehow adds an extra percentage of production. This "extra" can amount to 10%, 20% and even 100% more than simple addition would predict. For example, a business assembles a factory, machines, materials, and workers. According to the straight addition of men, machines, and materials, the factory should produce 5,000 units a day. The efficiency experts go to work and exhaust every improvement possible: the machines are given special fixtures; materials handling devices are built; workers are trained in the best methods. By improving every stop along the assembly line, production is brought to 7,000 units a day. That is the limit set by the addition of individual efficiencies. But then the second law goes to work — if not hindered — and the workers, the supervisors, and the managers begin to operate in *groups* and *teams*. Men help each other. Men work together. The organization operates not as the sum of many separate units, but as a unity or several big unities. Production goes to 10,000 units a day. The whole organization can do more than its parts can do, just as a trained fire team of 8 men is 20 times more effective in battle than 8 soldiers fighting as individuals.

Again you reach a limit of production. After you have exhausted individual, technical improvements, and general organizational and human relations improvements, what can you do? Next you must turn to the third law or principle and see what it holds for you.

The third law is that when you have reached the plateau of improvement in individual parts and in the workings of the whole, you must look outside, you must seek a new concept, perhaps a new basic discovery or invention; but in any case, further routine improvements are impossible, so a radical innovation is required.

Political Implications

Have we not seen these principles exemplified again and again in our modern economy? At first all the efforts are concentrated on improving each stage in a process. The assembly lines become more rationalized. Workers are given ever-narrower limits to their tasks in order that they may be more quickly trained and more highly specialized. Each job is broken down into elements in order that each element can be forced-full with improvements. Then modern industry finds out about the *group*. International Business Machines Corporation finds that production can be increased by giving workers more rather than less variety. Industries in Britain and other countries report the same findings. "Decentralization" "delegation" and "product-organization" have become common terms in recent years and they indicate the switch from a highly-rationalized and "functionally-specialized" organization to group-centered and product-centered organizations. These efficiencies are brought to their peaks—and then the plateau is destroyed by new-discoveries. Plastics replace brass. Gas replaces coal. Trucks and airplanes replace railroads. Nylon replaces silk. And so on.

Each new industry follows the three laws.

Look at Russia, our industrial follower. Much of Russian industry is about where we were 30 years ago. The Russian engineers and managers are seeking mass-production for the first time, and therefore they are following the first law: they are improving individual parts. But there are signs that the Russians are already conscious of the importance of the second law and they too are — perhaps under disguising semantic devices — seeking the incentives and motivations that the Western World fuzzily indicates under the terms

[1] I am indebted to Professor E. Wight Bakke, Director of the Labor and Management Center, Yale University, New Haven, Conn., for the provocative exposition of these laws. However, I do not implicate him in my expression of them or in my speculations upon them.

and the Factory

Formerly editor of the Naval Training Bulletin, *Mr. Dyer is currently civilian assistant in the office of the Chief of Naval Personnel. His latest book is* Executives' Guide to Handling People, *published by Prentice-Hall.*

"creativity of the individual" and "productivity of the free man in voluntary but meaningful associations."

Russia, with the example of the Western World to guide her, will be quick to realize that when you have exhausted the possibilities of rationalization and organization, then you must seek a new technological invention, or a new approach to the human being.

The Concept Will Be Broad and Therefore Simple

How can we at this stage cast about for some new concept that can help us use our industrial machine more efficiently? Three principles guide us:

- We must seek improvements or we will be falling behind in the competition among ourselves and against our allies and enemies for the production and distribution of the goods of peace and war.
- We must open our minds to new concepts. Any proposal must have something new, something strange and even disturbing about it—at least when first announced.
- The proposal must be simple. Mr. Charles Kettering posted a sign in the General Motors Research Building which read: "This problem when solved will be simple." The idea may cost a lot and take a lot of time in its development, but in essence it must be simple. For, to be broadly applicable, it must be capable of simple statement.

A New Dimension in Groups

Now let us try out our methodology and see what proposal we can make for the improvement of the productivity of our industrial complexes.

We state the problem to focus our thinking. Our most advanced industries have solved many problems of item-improvements. Repetitive work is automated. Jigs, fixtures, tools, machines, conveyors and so forth have been refined to the *N*th degree. The remaining problem is to apply these improvements in more and more factories, offices, and distribution centers—and to mop up any inefficient equipment or steps that remain. Next, our managers and research personnel are busy developing and applying incentives and groupings or tasks and people in order to obtain the advantages of organized effort.

What next can be done? How do we get more out of our people and out of our factories?

Are not two things evident? 1. Our industrial plant that requires such tremendous capital investment is not used 24 hours a day. Look at the factories and office buildings that sit empty for 16 hours a day. Look at the investment of time, money, and labor the equipment represents and then consider that billions of dollars worth are left unused so much of a day. How can we get people to keep these buildings and equipment working for more hours in the day?

2. If sources of productivity are available in the "working group," how can we use groups more effectively? We have given the groups the leadership they need, the flexibility, the freedom, the respect they want, and the working conditions they like—and we are reaching the limit. Or have we? Is there a new dimension we can add?

I think there is. I think we should ask the question: How about a time dimension to the group? Why must we think of a group in static, horizontal terms as a number of men working at the same place during the same hours every day? We divide our plants into two or three shifts, and then find that many workers—and most managers—do not want to work on the night shift or the "graveyard" shift.

Why couldn't the groups overlap in time? Instead of a completely new group of men replacing another group at a work station at 4 p.m., at midnight and again at 8 a.m., why could not some of them arrive at other hours so that the composition of a group changed slowly during the day and there could be an overlap among the shifts. Thus there could be an identity of interests and of team spirit among the three shifts because each shift would actually work with the other shifts! Even if it meant having extra workers for an hour or so at the beginning of a shift!

Some Objections and Answers

It will immediately be objected that "overlapping shifts will be confusing and too much trouble."

Why should they be? Our society is now highly pluralistic and varied. Workers live at varying distances and have different personal problems—wives who work, dependents who need care, hobbies, adult education programs and even "moonlight jobs." Hence in any large industrial complex there will be workers who will welcome out-of-phase periods of employment. Secondly, there need be no special difficulties regarding time clocks, supervision, or pay records. In fact, the staggering of hours could relieve the pressure on the timekeepers and the time clocks—just as it would

reduce some of the traffic pile-ups, parking lot problems, cafeteria and snack-bar jams, and more importantly some of the time lost in cleaning up after one shift and starting another.

Objection: There will be confusion and duplication in workers and supervisors during the overlap periods.

Answer: Yes, there will be duplication, but there need not be confusion. And, the duplication will have benefits. There must always be some overlap in order to give one shift time to pass on information to a succeeding shift. Extending this overlap period would in many instances mean that there would be an hour or so of extra people several times a day. But this is part of the "time dimension" of the group that I am proposing we emphasize. Any duplication of personnel that occurs will be beneficial. Already we allow employees within existing groups to "take time to know each other." There are coffee breaks, informal get-togethers, and a certain amount of socializing that is allowed in order to obtain the team spirit that increases group productivity. In order to extend the hours of plant use and to obtain identification of one shift with the other, we should allow workers and especially supervisory personnel from two shifts to be present at the same time. We have exhausted the possibilities of horizontal extension of our groups; so now we should seek to extend them in *time*.

Objection: Employees will not like working at odd hours.

Answer: They will not be working at odd hours; but at different, logically overlapping hours. And many will like the flexibility permitted. For example, men who will not work from 4 p.m. to midnight; might be glad to work from 2 p.m. to 10 p.m. Women who will not work from 1 a.m. to 9 a.m., might gladly work from 6 a.m. to 2 p.m. Wherever we can extend plant and equipment use by an hour, almost any means we use are worthwhile! We are reaching the point where the productivity and the cost of capital are so great in proportion to that of the man, that we can pay all sorts of premiums to the men in order to keep the machinery and building in use a little more.

Objection: A business with its people working on "odd" schedules will have trouble meshing with other "normal-hour" businesses. Salesmen, suppliers, contractors, consultants, customers and so forth who work from 9 to 5 will be frustrated dealing with employees and managers who work from 3 a.m. to 11 a.m. or from 10 a.m. to 7 p.m.

Answer: Not necessarily. Most pick-ups and deliveries are done on an impersonal basis; and meetings of executives and sales personnel usually occur at mutually agreed times. Appointments will continue to be made at appropriate times —what's it to me if a man is on a 6 a.m. to 2 p.m. schedule if he agrees to meet me at 10 a.m., a time that fits my 9 to 5 schedule? The few difficulties that can arise out of the conditions envisaged by this objection are more than counterbalanced by the great advantages that can accrue from the overlap of personnel. Because men and women will be able to work "across shifts" they will have greater understandings of the business, and arrangements made by one executive will be better passed on to others and will be better carried out by a working force that changes slowly during the day instead of in one or two sudden, complete breaks. Some of the men who make an evening delivery or a night-time change of process will have been present during the afternoon when the decisions were made and the plans outlined. Of immense importance, too, is the fact that supervisory personnel will have experience and will be able to make contributions "across the shifts." For example, there is Tom Brown, a foreman on the night shift. He likes the night shift because he can "work as he likes and doesn't have to be bothered with a lot of butting in from the front office." But keeping Tom on the night shift means that he misses some of the "butting in" that he should experience. After all, he can't be perfect; he probably does need more guidance. And, the day shifts lose the presence of independent spirits like his. One of the disadvantages to night shifts has been their lower levels of efficiency; in part due to the type of employee who can be forced to take such hours and in part due to the lack of supervision or pressure during such hours. The overlap of shifts can effect great improvements by balancing personnel and by increasing the level of supervision—at least for a few hours of the periods.

But all these objections of troublesome details, and all the possible conveniences are nothing compared to the two great potentialities of the proposal to overlap shifts—not just stagger them, but to purposefully overlap them. These two advantages are (1) to enable the extension of working groups *in time*—the time dimension added to present groups; and (2) the more effective use of our incredibly expensive accumulations of plants and equipment.

The Solution Is Also Obvious

This article has reviewed the three principles or laws of growth: When the limits of rationalization and organizational improvements have been met, further improvements must be sought by some new concept or substantial innovation. We have added: When seeking a radical development, three principles should guide us: 1) We must search for improvements in order to maintain ourselves in a competitive world; 2) we must open our minds to new concepts; and 3) the proposal must be simple, even deceptively simple, in order to be broadly applicable.

Our present technological development appears to be nearing the end of phase one and phase two: the techniques of making detail improvements in tools, processes, and methods seem well known; the means of improving organizations and human relations in existing businesses likewise seem within our grasp. We look for a new concept that will put our vast industrial plant to better use and at the same time will take advantage of working groups that have already grown up within our plants. We propose that the new concept be the extension of the *time dimension* of groups. We believe it will effect a basic and a most powerful revolution in our productivity: Buildings and equipment will be used more hours a day; effective group relationships will be extended in time, "across shifts," and our groups will be teams in time as well as in place.

Our proposal meets one final test. Mr. Robert Updegraff, commenting on the aforementioned sign posted by Mr. Charles Kettering that read, "This problem when solved will be simple," added: "The solution when found will be obvious."[2]

Our solution is obvious as well as simple. In brief it says: Pay a little extra money to men doubled up for an hour or so at shift changes and obtain vast new developments in group productivity and plant use. ■

[2] Obvious Adams, The Updegraff Press, Ltd., Scarsdale, N. Y., p. 28.

Portrait of an unpublicized but increasingly important link between industry and the college student:

The Campus Recruiter

By SANFORD BUNIN

Mr. Bunin is assistant professor of human relations and personnel at the College of Business Administration, University of Washington

RECRUITING PROGRAMS aimed specifically at college graduates and other college trained personnel have become such a major part of today's selection practices that they need little elaboration. There has appeared to be, however, little emphasis on one of the principal actors in the college recruiting program: the company representative. The man who visits the college campus to interview job-seeking seniors has often been relegated to a secondary role — or, worse, completely overlooked — by people wishing to evaluate recruiting programs.

The campus recruiter has a complex job, one which merits more than a cursory "he-goes-out-and-brings-'em-in." Among the duties he performs are: doing the actual hiring in some cases, screening potential candidates for further interviews at company offices, observing and evaluating the college to determine the quality of graduates being turned out (as well as the quality of their training), functioning as a public relations man and liaison for the company to the college community, and being a source of information about his company and its place in industry.

Whether the campus recruiter's function should be approached from the standpoint of the requirements of the job or from that of the personal qualities of the recruiter himself is a moot question. Regardless of the approach, however, all of the recruiter's functions are performed by means of, and through, the interviews he has with applicants and faculty members. When he operates effectively, he performs a valuable service to his company, to the college, and to the student applicants.

Current Recruiting Procedures Analyzed

The importance of the interview procedure in the campus recruiter's effectiveness should, therefore, be obvious, and insights into current practices should be helpful to all concerned. With this in mind, students in advanced courses in personnel at two major universities have, for the past five years, been asked to evaluate and describe the interviews they have had with various camp recruiters.

Approximately 75 students made evaluations of recruiters, and about 150 interviews were evaluated. Some students had as many as five interviews; others, only one. Since the evaluations were originally planned only as a teaching aid, complete experimental controls were not set up. An experimental program is being designed and implemented.

The students who participated in the evaluation were,

in the main, majors in personnel or in management, although majors in all fields of business administration, as well as those of engineering, were represented. Only students actively seeking jobs were asked to make the evaluations, as it was felt that the imposition of simply taking up the recruiter's time should definitely be avoided. Moreover, a job-seeking applicant is less apt to bias the interview in an attempt to get a "unique" interview with which he can impress his professor or his classmates.

The campus recruiters to whom the students talked as they sought jobs were primarily from nation-wide companies, although some smaller local concerns were also represented. Engaged in almost all fields of business and industry, these companies employed from several hundred thousand workers to approximately 100. About 60 recruiters have been evaluated. Of these, 50 were on the campus, while ten were seen elsewhere than the campus. All recruiters were contacted through the College of Business Administration placement service, rather than the university placement service.

Immediately after his interview, each applicant filled out an evaluation form (several types were used) and wrote a description of what had taken place during the interview. Examination of these descriptions and further discussions with the students revealed that the majority of campus recruiters involved would, individually, fit one of six general patterns. Talks with some of the recruiters themselves indicated that they also recognized the six patterns and, at the same time, furnished additional information.

One observation was evident in all discussions, both with applicants and with recruiters: there is little agreement on what constitutes an effective recruiter. A survey of the literature indicated that there is little valid research on the effectiveness of the campus recruiter, primarily because criteria of effectiveness have not been adequately developed.

The six patterns are presented herewith for descriptive purposes. Typical applicant reaction is indicated, but no judgment of effectiveness is implied, since the criteria of effectiveness are vague:

THE SALESMAN: This recruiter discusses at great length (and with great enthusiasm) the company, the company's future, and his own "outstanding" career in the company. He paints a picture of the company and associated conditions which would probably be a surprise to the company's management. According to this individual, his company is the epitome of perfection. Typically, he starts the interview by giving the applicant a very hearty handshake, offering a cigarette, and "putting the man at ease". The interview commonly lasts about 30 minutes, but many continue for over an hour. Except for the information on the application blank, the interviewer learns nothing about the interviewee (although the applicant may learn much about the interviewer).

Most applicants seem to consider these interviews pleasant, but later express confusion whether they were accepted or rejected by the interviewer. Applicants also express concern about actual conditions in the company.

THE INTERROGATOR: This gentleman asks short, very direct questions which can be answered with a "Yes," a "No," or a very brief statement. The questions are usually asked in a fairly rapid fashion, and there is little apparent continuity between questions. The applicant is given no time for a "thought-out" statement, nor is there any opportunity for clarification. All answers by the applicant are accepted by the recruiter with either a nod or a notation on the application blank (or some other formal-looking paper). If the applicant hesitates, the recruiter waits with a patient air for a few seconds. If an answer is not immediately forthcoming, a glance and rattle of the paper usually will prove sufficient to bring a response. The recruiter seldom is concerned with *rapport* and pays little attention to the usual social amenities, although he is never rude.

The applicant is given no indication as to whether he is furnishing adequate information or whether he is making a favorable impression. He is unable to determine what the interviewer wants, and, after the interview, is completely frustrated and afraid he made a bad impression. He usually recalls also that he had no chance to ask questions and knows very little about what the company is offering. When the applicant does ask questions, he usually receives a short, direct answer (which typically tends to inhibit further questions).

THE BUSY MAN: This individual asks questions—when he asks at all — in such a rapid-fire manner that the applicant has no chance to answer and feels he is made to look rather stupid. The Busy Man impresses upon the applicant that the applicant is taking up the time of an important man and there is no time for shilly-shallying. Frequently, this recruiter does not ask questions at all, but merely states what the company will offer (or what the line of business is, or how good the company is). He then will appear to read the application blank very rapidly, proceeding at once to asking directly what the applicant will accept, with regard to salary, starting position, location, etc. Failure to have a quick reply brings an implied rejection because the applicant cannot think fast enough to make quick decisions.

Most applicants leave this type of interview feeling very hostile or disturbed.

THE COLUMNIST: This type of campus recruiter apparently takes his cues from the people who write gossip columns or from his wife who wants really "To Know About These People." The chances are good that he has read some books on psychology and thus feels that he can predict the future behavior of an individual by knowing the details of his private life. The questions he asks are of a personal nature and appear to have little relevance to the job the applicant is seeking. Personal questions are asked about the applicant's wife (parents, siblings, etc.). Almost never is any reason given for the line of questioning being taken. As far as possible, the interviewer avoids humor, since this might imply that he is a mental Peeping Tom, rather than a dedicated recruiter. Quite frequently, he will object to something the applicant (or his family) has done, such as

a divorce, and indicate that such action is really morally reprehensible. A common practice of this recruiter is to reveal some of his own "errors" in life, and he is fond of letting the applicant know what the proper values in life are (the recruiter's, by an odd coincidence).

Applicants tend to become defensive and antagonistic toward the company and the recruiter.

THE REPEATER: Usually asks the applicant to fill out either an interview form or an application blank in advance of the interview. When the applicant arrives for the interview, the Repeater pulls out the filled-in form and proceeds to ask the applicant exactly the same questions that are on the form. The total interview time is spent going over the applicant's responses. Occasionally, some clarification is requested, but since this usually confuses the interviewer, he discourages such things. Sometimes the interviewer, at the end of the session, will ask the applicant if he has any questions.

These interviews are usually quite short (about 10 minutes, on the average) and are considered very boring by the applicant, who usually feels either that he is wasting time because he has furnished the information once, or that the interviewer does not trust him and is checking up. The latter feeling is frequently reenforced when some inconsistency shows up and the interviewer appears very disturbed why the applicant does not know about himself. This type of recruiter, when asked about his "technique" of recruiting, defends it on the grounds that he is more objective this way and that he does not let personal bias enter into his evaluation.

THE BIG TIME OPERATOR: This recruiter perceives himself as a junior god. He shows off his own knowledge and training (usually not in the area within which he is now working) and tries to impress on the applicant that the latter is in the presence of an important man. Typically, the interview is a two-part one. The first part consists of asking the applicant a series of "problem" questions, ostensibly designed to probe the applicant's practical knowledge. The "correct" answers are those the recruiter has decided are correct, even though he may have no corroborating evidence to support them. In general, he makes it clear to the applicant by his manner, tone of voice, or by direct statement that the applicant is none too bright and is really foolish to think he could be used by business. A truly intelligent man would have had the foresight to take the same program in college as did the recruiter. The second part of the interview is a stirring description of the recruiter's background.

The usual applicant is quite confused. The recruiter's questions and answers frequently have little resemblance to what the applicant has been taught, and he is not in a position to challenge the recruiter. The less experienced he is, the more buffaloed he is by the recruiter, tending to make a sorry picture of himself. Seldom does the recruiter get enough information to make a valid decision about the applicant.

General Characteristics of the Campus Recruiter

Some general impressions gained from the recruiters themselves should be helpful and furnish some ideas for persons who are evaluating recruiting programs. One thing that stands out is that there appears to be very little formal training for recruiting, except for information about the company and the general nature of jobs available (obtainable from any company brochure). Interview training programs appear to be of a very superficial nature, and interview procedures and purposes are hazy and not well understood. In short, recruiters are often not at all sure what they are doing there themselves, much less sure of what they are seeking.

Their feelings about their jobs are ambivalent. Most of them are a little disturbed about their work. Some view recruiting as a purely transitory job, a "breaking-in" period and a necessary evil to get through before going on to a more permanent position. It is not known whether this attitude is their personal impression or whether it is a reflection of their company's view of the recruiting program. Most of them, however, are concerned about doing a good job and appear eager to learn any technique that would help them to be more effective. In every case where interviewers were approached for permission to tape record their interviews in order to make evaluations, none refused. In fact, they were interested and cooperative. On the other hand, many of the students themselves appeared so threatened by the tape recorder that in the interest of not harming the student's interview, the recordings were not made.

The descriptions of the recruiters appear to be completely negative. This is unfortunate. In terms of interviewing skills, the recruiters do appear inadequate. In terms of effectiveness, they may be accomplishing their purposes, although there currently appears to be little evidence one way or the other. Nevertheless, the success or effectiveness of an interview is wholly in the hands of the interviewer.

This article does not mean to imply that the student applicants were well prepared. On the contrary, the vast majority of students were very poorly prepared for their interviews — which made the recruiter's job that much more difficult.

As a result of experience or training, some students in the study were prepared for their interviews. There appeared to be no significant differences in the interview effectiveness for well prepared or poorly prepared applicants. Some evidence did indicate that the better prepared the applicant, the less effective the interview, since the recruiter made a worse impression on him than on the poorly prepared applicant.

Considering the cost of campus recruiting and the value possible, it would appear that companies would be more concerned than they are with some attempt to determine what takes place and why in campus recruiting. Since research in this area could most easily be arranged at the colleges and universities involved, cooperation between the companies and the faculty research programs would be expected. However, few, if any companies, appear interested in this aspect of personnel research. ■

S.A.M. News and Notes:

New Executive Director Is Named

APPOINTMENT of Walter Mitchell, Jr. as executive director of the Society for Advancement of Management has been announced by S.A.M. president Dause L. Bibby.

As the society's chief staff executive, Mr. Mitchell will direct a large share of his activities toward establishing a closer working relationship between the national organization and its local chapters through a continuing visitation program. He will make his headquarters at the S.A.M. National Office in New York.

Mr. Mitchell, who assumes his duties on January 1st, was formerly associate director of the Management Development Program and associate professor of marketing and applied economics at Case Institute of Technology, Cleveland, from 1956 to 1959. Previously, he had been managing director of the Controllers Institute of America, from 1948 to 1953.

His former positions also include: Vice president of the Irving Trust Company (1946-47); director of Marketing Research Service and assistant to president of Dun & Bradstreet, Inc. (1935-46); and associate editor of *Dun's Review* (1936-46). During World War II he was distribution economist in the Bureau of Civil Affairs, at Allied Headquarters, Algiers.

In addition to numerous articles in business, financial and marketing journals, Mr. Mitchell is the author of *How to Use Your Trade Association* (Prentice-Hall: 1951). He is a member of the American Marketing Association, American Statistical Association, Conference of Business Economists and the American Society of Association Executives.

Walter Mitchell, Jr.

University Division News

By HAROLD FISCHER, Vice President

DURING the Fall Semester, the S.A.M. University Division continued to roll on to new levels of achievement.

Presentation of a charter on December 16 to the newly organized Purdue University Chapter was the culmination of the fine efforts of James E. Hoover, president, and Carl B. Genrich, vice president, Indianapolis Senior Chapter and Douglas Parsons, student president, and his organizing committee together with Prof. A. F. Messenger, faculty advisor. It was a real pleasure to pay tribute to this Chapter with a charter membership of 153 — the largest charter membership in the history of the University Division.

A. Cave Richardson, president, and Professor Charles C. Thompson, vice president of the Chattanooga Senior Chapter, and faculty advisor, University of Chattanooga Chapter, have worked closely with Prof. B. T. Hutson in the development of a new chapter at Tennessee Wesleyan College.

We are indebted to Hezz Stringfield, former regional vice president of S.A.M. and a member of the National Industry Advisory Committee of the University Division of S.A.M., for presenting the charter to the Southwestern Louisiana Institute, Lafayette, La. on November 30. Thanks go to Prof. Irwin Weinstock, faculty advisor, and to the student president, Kossuth J. Landry, Jr.

We appreciate also, the cooperation of Lester Zerfoss, vice president in charge of Seminars, in accepting the invitation to present the charter to the new Chapter at East Carolina College at Greenville, N. C. Prof. Samuel W. Dry, faculty advisor, deserves much credit for his deep interest and work in the development of this chapter.

Henry Ridgway, president, and Charles L. Terrel, national director, likewise played their part at the chartering of the new Chapter at the University of San Diego. This group is under the leadership of Dr. Stephen J. Barres, faculty advisor, and Eugene A. DeFalco, president.

The S.A.M. influence continued to expand at Fordham University as George Murphy, president, New York Chapter, presented the charter to the City Hall Division Chapter. Another chapter in the Evening Division is being organized by Prof. Julius Seidl.

Eugene J. Doody of the Boston Chapter has contributed to the growth of the Division through his assistance in the organization of a new chapter at Suffolk University with the help of Prof. Benson Diamond, faculty advisor and Donald Couture, student president.

Thanks to Prof. T. Henry Murphy, we now have a new chapter in the Evening Division of the C. W. Post College of Long Island University.

At the recent annual meeting of the faculty advisors and student presidents and officers of the 12 chapters under the sponsorship of the Philadelphia Senior Chapter, with Robert Roundy, executive vice president, and Joe Gilman, director of Student Activities of the Senior Chapter, we were thrilled to hear of their plans for this year. The close relationship that has developed

University Division Membership As Of December, 1959

STUDENT CHAPTER	NO. OF MEMBERS
McGill University	160
Indiana University	158
Mississippi State U.	155
Purdue University	153
U. of Maryland	140
Georgia Tech	121
U. of Houston	121
Bowling Green State U.	117
Rider College	116
Pa. Military College	113
Pennsylvania State U.	103
W. Carolina College	103
Tenn. Polytechnic Inst.	102
Duquesne University	100
U. of Scranton	100
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Xavier University	89
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U. of Baltimore	87
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Franklin-Marshall Coll.	49
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Charter Presented to First S.A.M. Chapter in Florida

St. Petersburg Charter Presentation

PRESENTATION of a charter to the first S.A.M. chapter in the state of Florida took place recently at the International Club, St. Petersburg.

S.A.M. national secretary Maurice R. Bachlotte, right, presented the charter to William C. Dornisch, president of the new St. Petersburg Chapter, at its first meeting.

In addition to Mr. Dornisch, other officers of the chapter are: James M. Engle, vice president; John Feltman, national director; Donald F. Clague, secretary; and Harold D. Flatten, treasurer.

Others who were active in the organization of the group included William E. Culbreath, C. Durham, Marie J. Garriga and Paul V. Yingst.

between the business executives of the Philadelphia Chapter and the leaders of the student chapters has been most stimulating and productive. Business, the community, the Senior Chapter as well as the students and the institutions are beneficiaries. The spirit of the entire group was well expressed by Aloysius McFall, president of the newly organized chapter in the Evening Division of St. Joseph's College, when he said: "We are the baby in the group but we are going to show the way." Prof. Daniel DeLucca, faculty advisor, will aid in this task.

The Industry Advisory Committee, under the direction of Robert Roundy of Philadelphia and Henry J. Arends, regional vice president, of Chicago, is in the process of developing a Coordinator's Manual, which should facilitate the development of even closer relationships between senior and student chapters.

We also are appreciative of the splendid offer of assistance from Edward W. Schurick, president of the Hudson Valley Chapter, in establishing a university chapter at Union College in Schenectady, N. Y. They also have been working closely with Rensselaer Polytechnic Institute.

Two of our chapters have started the year with well organized and carefully planned Management Conferences. The Pennsylvania State University Chapter on December 12, held an outstanding conference on "The Broader Perspective of Decision Making". This was made possible through the fine work of Dr. Rocco Carzo, faculty advisor, and student officers headed by Peter H. Isop.

Louisiana State University Chapter had a most successful conference on the topic "Employment and Interviewing". We pay tribute to Prof. Lein C. Megginson, faculty advisor, and Ed Boudreaux, president, and the other student officers, for a fine job.

In the very near future, new chapters will be in full operation at Drake University, Iowa; Dana College, Nebraska; Fairfield University, Conn.; Illinois Institute of Technology, Ill.; and Union College, Schenectady, N. Y.

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